

2008 GENERAL SESSION FISCAL NOTE WORKSHEET XI (Revised Jan. 2008)

REVISED

Agency: Utah State Office of Education
Ben Leishman
 Requested By

Bill Number SB48 5th Substitute

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Date:	<u>February 29, 2008</u>
Name:	<u>Ben Leishman</u>
Fax Number:	

Please return to Fiscal Analyst by: February 29, 2008

TITLE OF BILL: EQUALIZATION OF SCHOOL CAPITAL OUTLAY FUNDING by Senator Dan R. Eastman

This Bill Takes Effect: ☐ On Passage ☒ On July 1 ☐ 60 Days after session ☐ Other _____

Bill Carries Own Appropriation: ☒

FISCAL IMPACT OF PROPOSED LEGISLATION

	FY 2008 Supp.	FY 2009	FY 2010
A. REVENUE IMPACT BY SOURCE OF FUNDS			
1. General Fund			
2. Uniform School Fund - Education Fund			
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6 Local Funds			
7. TOTAL	\$ -	\$ -	\$ -

B. EXPENDITURE IMPACT:

By Source of Funds			
1. General Fund			
2. General Fund, One Time			
3. Uniform School Fund - Education Fund		\$42,288,900	\$27,288,900
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6. Local Funds			
7. TOTAL	\$ -	\$ 42,288,900	\$ 27,288,900
By Expenditure Category			
1. Salaries, Wages and Benefits			
2. Travel			
3. Current Expenses			
4. D.P. Current Expenses			
5. Capital Outlay			
6. D.P. Capital Outlay			
7. Other (Specify) <u>Capital Outlay and Enrollment Growth</u>		\$42,288,900	\$27,288,900
8. TOTAL	\$ -	\$ 42,288,900	\$ 27,288,900

C. IMPACT IN FUTURE YEARS?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, if necessary.)

Cathy Dudley MSP Budget and Property Tax Specialist 538-7667 February 27, 2008
 Prepared By Title Agency USOE Phone No. Date

D. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

Lines 631-634 requires a county treasurer to report to the State Board of Education the actual collections of property taxes in the school districts for the period beginning April 1 through March 31. Lines 635-637 and 697-699 requires the State Board of Education to notify a qualifying school district of the amount of funding the district will receive under the Capital Outlay Foundation and Enrollment Enrollment Growth programs. Lines 373-375 and 441-443 requires the State Board of Education to send the county treasurer audited enrollment information from the fall enrollment audit to enable them to distribute revenues. Lines 411-412 requires the State Board of Education to establish rule the expenditure classification for maintenance under this program using a standard classification system.

E. Expenditure Impact Details (Ties to totals in Section C)

*List and document methodology and/or assumptions used in determining need for workload and cost increase.
List number, type, and step ranges of personnel required, including benefits.
List details of other impacted expenditure categories as shown in Section C.
List additional space requirements and cost associated with requirements of this bill.
(USE ATTACHMENTS IF NECESSARY.)*

F. No Fiscal Impact or Will Not Require Additional Appropriations?

*Specify why this bill will have no fiscal impact on your agency or institution.
Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)*

G. If Bill Carries It's Own Appropriation:

*Indicate if the amount appropriated is adequate to meet the purposes of the bill.
Are there future additional costs anticipated beyond the appropriation in the bill?
This legislation appropriates ongoing funding of \$24,358,000 for the Capital Outlay Foundation and \$2,930,900 for the Enrollment Growth Program with a one-time appropriation of \$7,500,000 for each of those programs. This bill contains a coordinating clause which supersedes which states that if this bill and HB1 both pass, this bill supersedes the amendments in HB1.

The additional funds allow current benefiting school districts to receive more funds than they are receiving in the existing , ongoing Capital Outlay Foundation program with a few more school districts receiving some funding. The attached spreadsheet shows the proposed funding, using the same tax collection numbers, WPU's, and tax rates as calculated for the FY08 year.

On or before December 31 of each year, the State Board of Education shall provide a county treasurer with audited enrollment information from the fall enrollment audit.

In doing allocations for FY09, the bill stipulates that we use prior year ADMs. The State Office of Education will not get FY08 ADM's until the middle of July with audit ADMs being reported in September. So if we need to have these calculations done by June 1 of FY08 we would need to use FY07 ADMs. That brings up another point as to what year's valuations and tax rates we would use. In the attached spreadsheets I am using FY08 estimated valuations and actual FY07-08 tax rates.*

H. Impact on Local Governments, Businesses, Associations, and Individuals

*Specify requirements in the bill that drive the impact on local governments.
Indicate costs or savings that are **DIRECT and MEASURABLE**. If direct and measurable data are not available, are there areas that potentially could have a fiscal impact? (USE ATTACHMENT IF NECESSARY.)
Local School Districts/Charter Schools:

The school districts who are receiving funds in the current Capital Outlay Foundation program would receive more funding due to the increase in the appropriation as well as a few more districts receiving funding.

The ad valorem property tax revenue generated by the capital outlay levy within a taxing entity in a county of the first class may not be considered in establishing the school district's aggregate certified tax rate and shall be included by the commission in establishing a certified tax rate for that capital outlay levy.*

Beginning January 1, 2009, those school districts in a county of the first class shall impose a capital outlay levy of at least .0006 per dollar of taxable value in order to qualify for receipt of the state contribution toward the minimum school program. The county treasurer then shall distribute those revenues to school districts within the county based on 25% of the revenues to be distributed in proportion to a school district's percentage of the total enrollment growth and 75% in proportion to a school district's percentage of the total prior year enrollment in all of the school districts within the county. The attached spreadsheet shows the estimated allocation for FY08-09. The spreadsheet on the tab titled "Base Guarantee & Enrol-FY09-10" also shows an estimate of the distributions of the 0.0006 required capital outlay levy. In that spreadsheet, columns 15-21 shows that calculation and what the school districts will be contributing or receiving.

If a new school district is created or boundaries adjusted, the enrollment for each affected school district shall be calculated on the basis of enrollment in school district schools located within that school district's newly created or adjusted boundaries as of October 1 enrollment counts.

In counties not of the first class, when a future school district division occurs, property tax equalization will be required within the entire district being divided only.

Businesses and Associations

Individuals:

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.